

**FINDING OF NO SIGNIFICANT IMPACT**  
**TENNESSEE VALLEY AUTHORITY**  
**KNOX COUNTY REQUEST FOR DEED MODIFICATION**  
**TRACT NUMBERS XTFL-79 AND XTFL-86**  
**(INCLUDING PART OF WRIGHT BLUFF)**

**FORT LOUDOUN RESERVOIR**  
**KNOX COUNTY, TENNESSEE**

**Proposed Action and Need**

Knox County proposes to sell Tract Numbers XTFL-79 and XTFL-86. Tract XTFL-79 is a shoreline tract adjacent to a cove on Fort Loudoun Reservoir, while Tract XTFL-86 encompasses part of Wright Bluff. Potential buyers desire to use the two tracts for residential use, which would require a deed modification from TVA. TVA proposes to modify the Deeds of Transfer on TVA Tracts Numbers XTFL-79 and part of XTFL-86 to remove restrictions that prohibit any type of use other than for public recreational purposes. The EA originally was prepared to consider the impacts of selling the two above tracts and Keller Bluff (Tract XTFL-80), but as a result of public review, Keller Bluff was withdrawn from the deed modification proposal. Additionally, the potential buyer for Tract XTFL-86 has requested an exchange of residential shoreline access rights to allow for future consideration for approval under Section 26a of the TVA Act to construct private water-use facilities.

**Alternatives**

The EA considered four alternatives, including No Action. The action alternatives differ in the amount of scenic protection and public access provided following the sale. Because proceeds from the sale of the Fort Loudoun tracts would be used by the county to offset the cost of purchase of a portion of the Seven Islands County Park, the benefits of the Seven Islands property were considered under all three action alternatives. Also, ingress and egress rights to the reservoir are not being proposed under Alternatives B and C.

Under the No Action Alternative, no changes would be made to the deeds for Tract Numbers XTFL-79, XTFL-80, and XTFL-86. They could remain as Knox County property, or they could be sold with the deed restrictions intact. Either way, they would continue to provide public recreational opportunities.

Under Alternative B, the Deeds of Transfer would be modified to allow Knox County to transfer ownership of the properties for private use. Restrictions for environmental protection would be put into place to protect and maintain affected resources. Residential development would be restricted to one residence on Tract XTFL-79 and no vegetation disturbance or alteration of the TVA shoreline property would be permitted. An Undisturbed Scenic Protection Easement would be established along the reservoir shoreline of the Wright Bluff tract. The easement width would be based upon a defined area incorporating the face of both the bluff and adjacent slopes, along with a 100-foot

minimum setback zone from the crest of the bluff. Under the final proposal, which deletes Keller Bluff, the deed would be modified for a total of 16.5 acres.

Under Alternative C, the Deeds of Transfer would be modified as under Alternative B. The Undisturbed Scenic Protection Easement established for Tract XTFL-86 would involve a 30-foot minimum buffer zone rather than 100 feet. Under the final proposal, which deletes Keller Bluff, the deed would be modified for a total of 16.5 acres.

Under Alternative D, TVA would modify the deeds only for Tract Numbers XTFL-79 and XTFL-86. A portion of Tract XTFL-86 (3.5 acres) would be retained by Knox County in public ownership, resulting in a total of 12.0 acres (2.3 acres on Tract XTFL-79 and 10.3 acres on Tract XTFL-86) proposed for sale. A shoreline conservation easement would be established along the western shoreline of the peninsula of Tract XTFL-86. A deed modification would allow Knox County to sell and transfer Tract XTFL-79 above the 820-msl contour elevation and Tract XTFL-86 above the 822-msl contour elevation to private individuals. TVA would consider an exchange of residential shoreline access rights to allow for the future consideration for approval under Section 26a of the TVA Act the construction of private water-use facilities on Tract XTFL-86 only. In accordance with the Shoreline Management Initiative FEIS (SMI), the potential buyer has proposed an exchange of residential shoreline access rights located within Red Hollow cove in exchange for access along the western shoreline of the tract. Currently, there are no water-use facilities proposed and no plans to subdivide the tract by the potential buyer. Due to the terrain of Tract XTFL-86, the available water surface area within the cove, and depth of the water at winter or summer pool, it is foreseeable that up to four water-use facilities, at the maximum SMP standard of 1,000 square feet each could be considered fronting the requested shoreline for ingress and egress rights. TVA would not consider water-use facilities on Tract XTFL-79, since no exchange of water access rights is proposed.

### **Impacts Assessment**

Because of the acquisition of land and subsequent creation of the Seven Islands Nature Preserve, all action alternatives would provide a direct beneficial net increase in public land ownership, more recreational opportunities, and additional habitats for both terrestrial and aquatic species, some of which are federally listed. Under Alternatives A, B, and C, there would be no proposed development within the 100-year floodplain. Under Alternative D, an exchange of water access rights is being considered to allow for future consideration of private water-use facilities along Tract XTFL-86. Any proposed development (to include private water-use facilities) in the 100-year floodplain is subject to the requirements of EO 11988 (Floodplain Management). Water-use facilities are considered repetitive actions and therefore, there would be minor floodplain impacts. Since no wetlands occur on any of the Fort Loudoun tracts or on the 58 acres that Knox County acquired in the Seven Islands area, no impacts to wetland functions or values are anticipated. No eligible or potentially eligible resources were identified on Tracts XTFL-79, -80, and -86. Therefore, no historic properties will be affected upon the sale of these tracts or the proposed exchange of water access rights on Tract XTFL-86. The Seven Islands tract contains resources potentially eligible for the National Register of Historic Places (NRHP). However, no development is proposed within the 58-acre tract and no impacts are projected.

Under Alternative A, No Action, there may be no change in the current use of the tracts on Fort Loudoun Reservoir. However, under this alternative, Knox County could develop the Fort Loudoun tracts for future recreational use or sell the tracts to anyone as long as the public recreation use restriction remains part of the deed. These alterations could substantially degrade visual resources and result in minor and insignificant impacts on the terrestrial and aquatic communities on a reservoir-wide and regional perspective, depending on the scale of the future development.

Under Alternative B, there would be potential impacts to the recreational landscape, including visual and recreational resources. However, the proposed scenic protection easement and other restrictions would mitigate potential effects to the undisturbed recreational landscape as seen from the water. However, views from the tracts to the surrounding Fort Loudoun Reservoir would be irreversibly lost due to lack of public access. The proposed restrictions would ensure that impacts to terrestrial and aquatic resources and water quality would be minimal on a local, reservoir-wide and regional basis. There would be no impacts on federal- or state-listed native mussel species or other protected aquatic species.

Alternative C would have impacts somewhat similar to Alternative B, but would provide substantially less visual and aesthetic protection for the bluffs. The undisturbed character and most scenic qualities of the bluff sites would be lost to potential development. Views from the bluffs of surrounding Fort Loudoun would be lost due to lack of public access. With potential adverse changes to these parts of the original scenic reservations, only one other bluff on Fort Loudoun Reservoir would remain in natural surroundings for long-term public enjoyment. The Seven Islands parcel would result in high-quality recreational but less scenic property along the French Broad River. Although the riverine setting of the Seven Islands property would have limited off-setting scenic benefit compared to the more unique and dramatic bluff sites, the pastoral character of this riverine setting would have an aesthetic and visual enhancement of its own. While the easement would be notably less than that proposed for Alternative B, it is expected to adequately protect the sheltered bluff/cliff ledges and caves that provide potential nesting habitat for turkey and black vultures and potential roosting/loafing habitat for wintering and transient bald eagles and gray bats.

Under Alternative D, the potential impacts to recreation, visual resources, and terrestrial ecology would be substantially less than under the other proposed action alternatives. Tract XTFL-80 (Keller Bluff) would be retained under Knox County ownership and managed for public recreation, which may potentially be enhanced for more informal recreational opportunities in the future. There would be no potential impacts to threatened and endangered species and the potential impacts for the loss of recreational opportunities on Tract XTFL-86 would be substantially reduced. Under Alternative D, the potential adverse impact to public recreation and the scenic character of Wright Bluff (Tract XTFL-86) would be adequately mitigated by Knox County retaining a publicly accessible buffer that would extend across the bluff to the tip of the peninsula. Additionally, a shoreline conservation easement would be established along the western shoreline of the peninsula to provide scenic protection. This provides direct onsite mitigation. There would be little potential impacts to terrestrial floral and faunal communities because Tract XTFL-80 would no longer be considered in the request and a larger publicly accessible buffer on Tract Number XTFL-86 would be retained by Knox County. Retaining Tract XTFL-80 (Keller Bluff) and a portion of XTFL-86 (Wright Bluff)

by Knox County could enhance habitat for state-listed false foxglove and purple petunia with the future control of onsite invasive exotic plant species. No impacts to federally listed threatened or endangered animal species or their habitats are expected. The proposed maintain and gain proposal would not affect visual or recreational resources.

### **Mitigation**

In addition to TVA's standard conditions such as BMPs routinely included in permit approvals, as listed in section 4.4 of the EA, to Knox County on Fort Loudoun Reservoir, additional restrictions for environmental protection would be put into place to protect and maintain affected resources and the remaining public land transferred to Knox County by TVA. TVA would remove the deed restrictions that prohibit any type of use other than for public recreational purposes subject to the following conditions that would be documented in the deed modification.

1. Knox County agrees to ensure that there will be no more than one single family residence development on Tract Number XTFL-79 to help preserve the overall scenic integrity, aesthetic qualities, and very low residential density seen in the cove. The TVA shoreline property along this tract (up to the elevation 820 contour) shall remain in its natural condition. No vegetation disturbance or other alteration is allowed on any part of the area except as approved in writing by TVA in order to retain the undeveloped shoreline appearance, and particularly the cedar trees that would buffer any new residence.
2. Knox County agrees to retain an Undisturbed Scenic Protection and Public Access Buffer on Tract Number XTFL-86 to protect the environmental conditions, scenic character, and aesthetic quality of the bluff and its natural setting. The buffer width is based upon a defined area incorporating the face of the bluff and adjacent slopes as shown in Figure 10 of the EA.

The buffer shall extend downstream along the entire lake frontage of the tract, from the shared property boundary with TVA's Safe Harbor (the Safe Harbor will remain under TVA ownership) to the tip of the peninsula at the mouth of the embayment.

The buffer width shall be as shown on Figure 10, with no less than 97 feet from the elevation 822 contour at the narrowest point near the mouth of the embayment. A conservation easement will be established along the western shoreline of the peninsula to provide for scenic protection. The width of the easement along the peninsula shall be 100 feet, measured from the 822 contour near the mouth of the embayment.

3. For the portions of Tract XTFL-86 that will be available for residential development, the county agrees to ensure that any building permits issued by the county will include the following limitations to preserve the natural woodland skyline along the ridge tops:

Structures shall be no higher than 36 feet, measured to the highest point on the roof from the lowest existing ground elevation within the planned building perimeter.

The exterior colors of the structures and roofs shall be the darker shades of muted natural colors in the range of grays, greens, and browns.

4. Knox County agrees to ensure that the scenic protection buffers and the conservation easement delineated under the selected alternative will remain in their natural condition with no clearing, vegetation disturbance, or other alteration whatsoever allowed in any part of the buffer and easement areas except as approved in writing by TVA. These scenic protection buffers and other restrictions will be recorded as part of the Deed Modification.
5. Due to the terrain of Tract XTFL-86, the available water surface area within the cove, and depth of the water at winter or summer pool, no more than four water-use facilities fronting the pertinent shoreline, (at the maximum SMP standard of 1,000 square feet each) will be considered for approval under Section 26a of the TVA Act.
6. Knox County agrees that future deed modification requests (for public recreation land TVA transferred to Knox County on Fort Loudoun Reservoir) which seek to eliminate public recreation-use restrictions would be reviewed on a case-by-case basis for the need to require offsetting measures to enhance public recreation opportunities on Fort Loudoun Reservoir. The offsetting measures considered could include the acquisition of additional public recreation land on the reservoir, acquiring legal landward access to public recreation property on the reservoir without such access, or other measures that provide reservoir recreation benefits, subject to TVA approval.

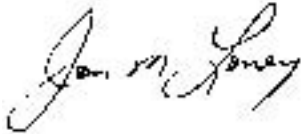
### **Public and Intergovernmental Review**

The Knox County proposal received front page coverage in the Knoxville News-Sentinel on August 3, 2001, presenting the plans for Seven Islands and offering the public an opportunity to comment on the proposal at a public meeting on August 6, 2001. The Draft EA was distributed for public review on September 11, 2002. TVA issued a press release on September 9, 2002. Articles appeared in the Knoxville News Sentinel on October 13, 2002, and paid advertisements also appeared in the Knoxville News Sentinel and Maryville DailyTimes, announcing an open house on September 19, 2002. In addition, over 800 letters were mailed to individual stakeholders on Fort Loudoun Reservoir. TVA and Knox County held an open house meeting on September 19, 2002, at Bearden High School in Knoxville. Most comments were in opposition to the proposal to sell all three tracts; however, comments focused on opposition to the proposed sale of Keller Bluff. Most preferred that the land not be developed and were concerned about the loss of public land. Additional issues that were identified include the possibility for the presence of Indiana Bats, unique and spectacular terrestrial habitat, and recreational opportunities such as rappelling and caving. In response to public concerns received in response to this publicity, the county withdrew the Keller Bluff site from consideration. On January 30, 2003, TVA notified all who had commented and/or attended the public meeting that Keller Bluff (Tract XTFL-80) was no longer being considered part of the proposal and asked for comments about the revised proposal, which would involve the sale of Tracts XTFL-79 and XTFL-86 only. Some comments continued to oppose any sale of the Fort Loudoun properties owned by Knox County, but the volume of comments was substantially reduced.

### **Conclusion and Findings**

TVA concludes that with the deletion of Keller Bluff from the proposal and with the additional protection measures identified for Wright Bluff, implementation of Alternative D would substantially reduce the impacts of selling the Knox County Property.

Alternative D provides direct onsite mitigation, and the identified commitments would adequately mitigate the potential adverse impact to public recreation and the scenic character of Wright Bluff (Tract XTFL-86). Therefore, TVA concludes that the proposed action would not be a major federal action significantly affecting the environment. Accordingly, an environmental impact statement is not required.



*January 20, 2004*

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Date Signed